



Independent observer
of the Global Fund

Why the private sector should increase direct funding to the Global Fund -

by Njihia Mbitiru

In December 2013, the private sector representative to the Global Fund proudly announced that through a series of campaigns and initiatives, more than \$108 million has been raised for the war chest in the fight against AIDS, TB and malaria. This included profits from sales of specifically branded clothes and other items by Project (Red). What it did not include, however, was any contribution from the telecommunications and mobile phone sector.

This is a tremendous oversight by a sector that has a considerable number of devotees in countries grappling with the economic and health consequences of the three diseases. I can't think of anyone I know who has suffered from tuberculosis, who has contracted malaria, who is infected with HIV, and who also hasn't at one time or another owned a mobile phone. The trill of the Nokia or Samsung handset rivals the crow of the rooster in every village I have set foot in, in my native Kenya.

Let's do a rough, back-of-the-envelope calculation based on the Global Fund's estimate of 8.5 million lives saved due to programmes it has supported in 150 countries.

For many people in developing countries, the average cell phone costs between \$30-\$60, with smart phone technology adding three, or four, or ten times that to the price tag. But conservatively we can say that mobile phone manufacturers have earned about \$380 million from those people, even if each of them has only bought one phone in the last 12 years.

Here's another back-of-the-envelope calculation. Amount given to the Global Fund by Nokia and

Samsung: \$0. That's right. \$0. And not to single out these major manufacturers, so amount given by Rim for its Blackberry, or Apple for any iteration of its iPhone? \$0. And in some of the countries where they have no shortage of customers, they don't even have to pay taxes.

So what has inhibited private sector support to the Global Fund, which, after all, is billed as a public-private partnership? Some suggest that there has not been enough 'return on investment' for results-oriented private sector companies, meaning that the lives saved methodology used by the Global Fund needs some tinkering to show that it has been and will continue to be the most efficient and best value for money way to fight AIDS, TB and malaria.

Another argument is that companies want to avoid double taxation; they say that money from the public sector that goes to the Fund comes from taxes levied on the private sector. So why should company X, headquartered in say, Germany, contribute directly to the fund after having indirectly done so through the German government's use of tax monies as contribution to the Global Fund?

I consider this to be a dubious argument. Directly supporting the Fund's fight against three diseases that can compromise your customer base seems like a good business practice – both economically and morally. Additionally, it is disingenuous to conflate the paying of taxes and a direct contribution to the Global Fund. Governments exercise discretion in their use of tax revenue. Corporations evaluate investments and then take decisions, which yields returns that are taxed according to legal obligations. Direct contributions to the Global Fund are not legal obligations; they are moral ones.

I would encourage corporations to see contributions to the Global Fund as a crucial investment to ensure their sustainable financial futures.

Think of it this way: every dollar spent on saving lives means a chance for that life to contribute in some way to the economic development of her country, which includes the purchase of goods and services. Healthy people go to work, earning a living that they use to buy necessities: food, clothing and yes, increasingly, cell phones.

While the private sector should be encouraged to invest more in the Global Fund, the Fund itself also has an obligation to do more to encourage that investment. Until now, policies on private sector engagement have been rather vague.

In its 2009 policy paper *An Enhanced Strategy for Partnership with the Private Sector*, public-private partnership is described as “a less than optimal arrangement” due to the informality of arrangements, ambiguity of partner roles and a lack of clarity on funding technical assistance.

This paper – and the Fund's policies – need revisiting. Private-public partnerships are critical to the future of global development, because of what they can accomplish. The Global Fund must be more imaginative and proactive in developing its relationships with the private sector, and push for increased direct funding of the Global Fund by multinational corporations working in countries where the Fund supports programmes. It's the right thing to do. Corporate social responsibility does not end with promises; it ends with investment in saving lives, and the Global Fund is the right vehicle to invest in the fight against AIDS, TB and malaria.

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